

GRANT AGREEMENT

This grant agreement (this "Agreement") is made effective on August 17, 2016 (the "Effective Date"), between **Montana State University** (the "University"), a political subdivision of the state of Montana, and the **Charles Koch Foundation**, a Kansas nonprofit corporation (the "Donor"), for the benefit of the Center for Regulation and Applied Economic Analysis (the "Center"), to be imminently created at the University and housed in the Department of Agricultural Economics and Economics. The term of this Agreement shall begin on the Effective Date and shall continue for ten years (the "Term"), unless earlier terminated pursuant to the terms and conditions of this Agreement. The University and the Donor are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties." The Parties agree as follows:

1. **Promoting Academic Freedom.** Consistent with the Donor's principles of supporting a diversity of ideas in higher education, the Donor's grant is intended to help promote a republic of science at the University, where ideas can be exchanged freely and useful knowledge will benefit the well-being of individuals and society. Thus, the Parties agree that the academic freedom of the University, the Center, and their faculty, students, and staff is critical to the success of the Center's research, scholarship, teaching, and service.

2. **The Center.** The University desires to support the Center to advance the Center's and University's educational missions as follows:

a. **The Center's Mission and Co-Directors.** As stated in the University's proposal, which is hereby incorporated into and made part of this Agreement, and attached as Attachment A (the "Proposal"), the University has informed the Donor, and the Donor is relying on such representation, that the Center's mission is to engage undergraduate and graduate students with faculty in academic research that will further the understanding of economic regulation and policy's impact on societal well-being ("Center's Mission"). Vincent Smith and Wendy Stock, who were selected by the University, will be the co-directors of the Center (the "Center Co-Directors"). The Parties believe the Center Co-Directors are a critical part of advancing the Center's Mission; therefore, if an individual holding a Center Co-Director position changes, the University will promptly notify the Donor.

b. **The Center Programs.** To support the Center's Mission, the University desires to create the following positions and activities affiliated with the Center, collectively referred to as the "Center Programs." The Center Programs are described more fully in the Proposal and include "Center Co-Directors," two "Tenured/Tenure-track Professorships," an "Administrative Director," a "Communications Coordinator," an "Information Technology Coordinator," "Visiting Faculty," "Research Fellows," "Research Assistantships," "Research Grants," and "Center Operations and Support." The University shall each use any funds received under this Agreement to support the Center Programs in accordance with the terms of this Agreement. The selection of the foregoing positions will follow the University's standards and procedures for hiring faculty and staff.

3. **The University's Commitment to and Support for the Center.**

a. **Approval of the Creation of the Center.** The Donor acknowledges that the naming of the Center is expressly contingent upon the Center receiving the approvals stated in the *Montana Board of Regents of Higher Education Policy and Procedures Manual Section 218*.

b. **The University's Support for the Center Programs.** The University shall support the Center Programs as provided for in this Agreement to advance the missions of the Center and the University during the Term. The University shall ensure that faculty positions affiliated with the Center, including the Tenured/Tenured-track Professorships, continue after the Term according to the University's normal policies. Therefore, the University's decision of whether or not to provide tenure or to reappoint the individuals holding faculty positions affiliated with the Center will be considered independently of any funding provided to the Center.

c. Office Space. The University shall ensure that the faculty and staff working with the Center receive adequate office space to achieve the Center's Mission. The University shall continue to provide the Center with substantially similar or increased office space at the University during the Term.

4. The Donor's Support for the Center Programs.

a. Contributed Amount. Subject to the terms of this Agreement, the Donor agrees to contribute funds to the University solely to support the Center Programs to advance the Center's Mission (all or part of such funds are referred to as the "Contributed Amount(s)"). In no event shall the aggregate Contributed Amount under this Agreement exceed \$5,760,000 as follows:

Center Programs	Amount
Costs and expenses for the Center Co-Directors	Up to \$ 942,120
Salary and fringe benefits for the two Tenure-track Professorships	Up to \$1,639,117
Costs and expenses for the Administrative Director	Up to \$ 301,151
Costs and expenses for the Communications Coordinator	Up to \$ 215,108
Costs and expenses for the Information Technology Coordinator	Up to \$ 86,250
Costs and expenses for the Visiting Faculty	Up to \$ 664,400
Costs and expenses for the Research Fellows	Up to \$ 500,000
Costs and expenses for the Research Assistantships	Up to \$ 280,000
Costs and expenses for the Research Grants	Up to \$ 300,000
Costs and expenses for the Center Operations and Support	Up to \$ 831,854

Total Maximum Aggregate Contributed Amount: \$5,760,000

b. Other Support. If the University and Donor mutually agree, the Donor may also contribute in-kind services to the University to help promote the work of the University, the Center, or the University faculty, students, and staff.

5. The University's Grant Request; Proposed Grant Award Process and Schedule.

a. The University Grant Request. The University shall submit an annual written proposal according to the schedule below to the Donor for the Donor's consideration (the "University Grant Request") and an accounting of the expenditure of any Contributed Amount previously received. If the Donor approves the University Grant Request, the Donor shall make a contribution up to the amount listed in the below schedule to the University, and the University agrees to accept such Contributed Amount on behalf of the University as stated in the below schedule. If the Donor, in its sole and absolute discretion, does not approve the University Grant Request, the Donor is under no obligation to contribute any funds to the University.

b. University Grant Request and Proposed Grant Award Schedule.

University Grant Request Date	Donor Response and Proposed Contribution Date	Contributed Amount
Submitted as the Proposal	On or about September 15, 2016	Up to \$ 793,380
June 1, 2017	On or about August 1, 2017	Up to \$1,281,000
June 1, 2018	On or about August 1, 2018	Up to \$1,214,532
June 1, 2019	On or about August 1, 2019	Up to \$1,228,548
June 1, 2020	On or about August 1, 2020	Up to \$1,242,540

a. The Fund. The University shall place all of the Contributed Amount in a segregated and restricted fund on its books and records called the "CRAEA-CKF Fund" (the "Fund"). The Fund shall be used solely to support the Center Programs as stated in this Agreement. The University shall make the Fund available for contributions from

other donors. If another donor makes a contribution to the Fund, the University shall promptly notify the Donor of the amount donated and, if permitted by the other donor, the name of the other donor.

6. Contributed Amount Used Solely for Educational Purposes for the Center Programs.

a. Tax Status. The University has furnished the Donor with records showing that it is an organization described in Code section 170(c)(1) or 511(a)(2)(B). The University agrees to immediately notify the Donor if its tax status changes.

b. Educational Purpose. The Contributed Amount will be expended solely for the Center Programs, which is an educational purpose described in section 170(c)(2)(B) of the Code. The Contributed Amount will not be used to influence legislation as described in section 4945(d)(1) of the Code to influence the outcome of any election, for a political campaign or intervention, to carry on any voter registration drive, or any other purpose that would jeopardize the Donor's tax-exempt status or subject the Donor to penalties under Chapter 42 of the Code.

c. Center Programs. The University shall use all Contributed Amounts solely to support the Center Programs as stated in this Agreement and shall return to the Donor any Contributed Amount not expended for the Center Programs.

7. General Provisions.

a. The Donor has the right in its sole and absolute discretion to terminate this Agreement or discontinue or withhold any Contributed Amount if: (i) the University has not fully complied with any provision set forth in this Agreement; (ii) the Center Programs are not advancing the Center's Mission as stated in this Agreement; or (iii) such action is necessary to comply with any law applicable to the University or the Donor. Such termination shall be deemed effective upon the expiration of thirty (30) days from the date notice was provided by the Donor to the University. In the event of termination of the Agreement, the University agrees to return all unexpended Contributed Amounts to the Donor within fifteen (15) days of the Donor's request. The University represents and warrants that it is not relying on the Donor's proposed funding under this Agreement to incur any obligation or take any action or inaction.

b. The Parties shall give each other a reasonable opportunity to review any significant public announcement related to the Agreement. The Parties shall not use each other's logos without the applicable Party's express written consent.

c. The University agrees to keep confidential and not to disclose to any third party the existence of or contents of this Agreement without express written approval from the Donor, except as otherwise may be required by law. If the University is required to disclose the existence of or the content of this Agreement to any third party, the University agrees to provide the Donor with at least ten (10) days' advance written notice of such disclosure.

d. The terms contained in this Agreement supersede all prior oral or written agreements and understandings between the Parties related to the matters contained in this Agreement and shall constitute the entire agreement between the Parties with respect to the matters contained in this Agreement.

e. In the event of a conflict between the provisions stated in the body of this Agreement and those stated in the Proposal, this Agreement shall control.

f. This Agreement shall not be modified or amended except by a writing duly executed by the Parties to this Agreement.

g. The provisions of this Agreement are deemed severable and should any part, term, or provision of this Agreement be construed by any court of competent jurisdiction to be illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining parts, terms, and provisions will not be affected thereby.

h. No delay or failure on any Party's part to enforce any right or claim which it may have hereunder shall constitute a waiver of such right or claim. Any waiver by any Party of any term, provision, or condition of this Agreement, or of any subsequent default under this Agreement in any one or more instances shall not be deemed to be a further or continuing waiver of such term, provision, or condition or of any subsequent default hereunder.

i. This Agreement shall not confer any rights or remedies upon any third party other than the Parties to this Agreement and their respective successors and permitted assigns.

j. The University may not transfer or assign their respective interests in the Agreement or any amount to be contributed pursuant to this Agreement without the express written consent of the Donor.

k. All notices, approvals, or requests in connection with this Agreement shall be in writing and shall be deemed given when delivered personally by hand or one business day after the day sent by overnight courier (in each case with written confirmation of receipt or transmission, as the case may be) at the following address (or to such other address as a Party may have specified by notice to the other Party pursuant to this provision):

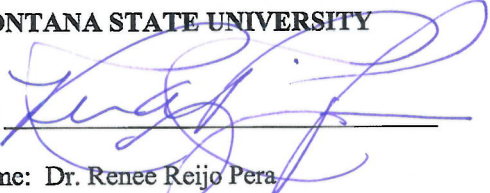
If to the University:
Montana State University
P.O. Box 172420
Bozeman, MT 59717-2420
Attn: Dr. Renee Reijo Pera, Vice President of
Research and Economic Development
cc: Dr. Waded Cruzado, President

If to the Donor:
Charles Koch Foundation
1320 N. Courthouse Road, Suite 500
Arlington, VA 22201
Attn: Grant Administrator
cc: General Counsel's Office

l. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement or direction. Copies of signatures (whether facsimile or other electronic transmission) to this Agreement shall be deemed to be originals and may be relied upon to the same extent as the originals.

The Parties have hereby executed this Agreement as dated below, but agree that this Agreement is effective as of the Effective Date.

MONTANA STATE UNIVERSITY

By: 

Name: Dr. Renee Reijo Pera

Title: Vice President of Research and
Economic Development

Date: 8.17.16

CHARLES KOCH FOUNDATION

By: 

Name: Brian Hooks

Title: President

Date: 8/17/16

h. No delay or failure on any Party's part to enforce any right or claim which it may have hereunder shall constitute a waiver of such right or claim. Any waiver by any Party of any term, provision, or condition of this Agreement, or of any subsequent default under this Agreement in any one or more instances shall not be deemed to be a further or continuing waiver of such term, provision, or condition or of any subsequent default hereunder.

i. This Agreement shall not confer any rights or remedies upon any third party other than the Parties to this Agreement and their respective successors and permitted assigns.

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Montana State University
P.O. Box 172420
Bozeman, MT 59717-2420
Attn: Dr. Renee Reijo Pera, Vice President of
Research and Economic Development
cc: Dr. Waded Cruzado, President

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The Parties have hereby executed this Agreement as dated below, but agree that this Agreement is effective as of the Effective Date.

MONTANA STATE UNIVERSITY

By: _____

Name: Dr. Renee Reijo Pera

Title: Vice President of Research and
Economic Development

Date: _____


Name: Leslie L. Schmidt, Assistant Vice President of Research
and Economic Development


Name: Sandy Sward, Director, Office of Sponsored Programs

CHARLES KOCH FOUNDATION

By:  _____

Name: Brian Hooks

Title: President

Date: 8/17/16

ATTACHMENT A

Montana State University (MSU) Proposal to Support the Center for Regulation and Applied Economic Analysis (CRAEA)

Center Mission

The mission of CRAEA is to engage undergraduate and graduate students with faculty in academic research that will further the understanding of economic regulation and policy's impact on societal well-being.

The Center will achieve its mission by:

- Facilitating research, analysis, and teaching of regulatory economics as applied to agriculture, healthcare, technology, finance, natural resources, education, public safety, and other sectors.
- Leveraging the University's geographic position and research track record to inform the public policy debate on state, regional, and national issues.
- Achieving lasting impact on undergraduate and graduate students by providing support to enable their research on relevant public policy topics.
- Enhancing the intellectual capital of MSU faculty and other universities or centers by providing research and teaching opportunities.

Center Programs

The Center Co-Directors

The Center Co-Directors, Vincent Smith and Wendy Stock, will each receive a stipend and teaching support to allow them to devote a significant amount of their time and resources to work related to the Center. The Center Co-Directors will be responsible for allocating and administering the Center's budget, supervising Center staff, and directing the Center's research and programs. If the Center Co-Directors cannot agree on a matter related to the governance of the Center, such as the Center's budget, staff, research and programs, selection of personnel, and any other matters related to the governance of the Center, Vincent Smith has the authority to make final decisions. The Center Co-Directors will be tenured members of the Department of Agricultural Economics & Economics.

The Tenured or Tenure-Track Professorships

The University will hire two new individuals to hold tenured or tenure-track professorships in technology/health economics and financial engineering, respectively. Both of these individuals will be affiliated with the Center and devote a significant amount of their time and resources to work related to the Center. These activities may include conducting original research related to the Center's mission, mentorship of graduate student fellows, and participating in the Center's programs. The University will hire both individuals for the tenured or tenure-track professorships by the fall 2017.

The Administrative Director

The University will hire an administrative director to manage the schedule and logistics of the Center's activities. The Administrative Director will report to the Center Co-Directors. Responsibilities may include: managing calendars and itineraries, accounting and budgeting, supervising travel and accommodations, coordinating expenses and reimbursement, reserving rooms and catering for Center events, managing emails and listservs, and providing logistical support for all faculty, staff, and students associated with the Center. The Administrative Director will be hired as soon as practicable after the Center Co-Directors begin service to the Center.

The Communications Coordinator

The University will hire a communications coordinator to manage and promote the outreach for the Center's research and activities. These activities may include media outreach and developing a variety of educational materials for a

variety of public audiences. The Communications Coordinator will be hired as soon as practicable after the Center Co-Directors begin service to the Center.

The Information Technology Coordinator

The University will hire an information technology coordinator to support and manage the Center's information technology activities. The Information Technology Coordinator will be hired as soon as practicable after the Center Co-Directors begin providing services to the Center.

The Visiting Faculty

The University will hire visiting professors who will be affiliated with the Center and devote a significant amount of their time and resources to work related to the Center. The visiting professors' activities may include conducting original research related to the Center's mission, mentorship of graduate student fellows, and participating in the Center's programs. The University will hire one visiting professor by the fall 2017 semester, and two new visiting professors each following year.

The Research Fellows

The Center will provide annual, renewable research fellowships for faculty members to conduct research projects related to the center's mission, produce publicly accessible white papers, policy issues papers, and other communications that inform law makers, policy advisors and the general public on critical policy and regulatory issues, and participate in workshops and conferences organized by the Center. The Center Co-Directors will determine the recipients of the individual fellowships. The research fellowships will be made available as soon as practicable after the Center Co-Directors begin providing services to the Center.

The Research Assistantships

The Center will provide annual, renewable research assistantships for (a) graduate students admitted into the Masters of Science in Applied Economics program at the Colleges of Agriculture and of Letters and Sciences and (b) undergraduate students admitted into the Colleges of Agriculture, Business, Engineering, or Letters and Sciences. The Center Co-Directors will determine the recipient of the individual assistantships. The first student assistantship(s) will be made available as soon as practicable after the Center Co-Directors begin providing services to the Center.

The Center Research Grants

The Center will provide annual, renewable research grants to university faculty to conduct research that supports the Center's mission.

Center Operations and Support

The Center will establish office space at the University and engage in a variety of educational activities and produce educational materials to support the Center's mission. The activities will likely include: academic research, lecture series, student workshops, major conferences, advisory board meetings, and student and faculty travel to academic conferences.

Selection

The selection of the foregoing faculty positions, staff positions, fellowships, and assistantships will follow the University's normal procedures for faculty, staff, and fellows for the applicable academic units. As a matter of academic freedom for academic units at the University, individuals who will hold positions with or be affiliated with the Center and the activities carried out through the Center Programs must be approved by the Center Co-Directors.